

Message Text

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ACTION AF-10

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R 161111Z MAY 78
FM AMEMBASSY YAOUNDE
TO SECSTATE WASHDC 5509

UNCLAS YAOUNDE 2431

E.O. 11652 N/A
TAGS: EFIN, ETRN
SUBJECT: COMMERCIAL DOLLAR LOANS TO CAMEROON

1. EMBASSY HAS LEARNED THAT AMEX BANK LIMITED, CHASE MANHATTAN LIMITED, SIFIDA INVESTMENT COMPANY, STANDARD CHARTERED BANK LIMITED, AND CITICORP INTERNATIONAL GROUP ARE MANAGING SYNDICATION OF DOLLARS 50 MILLION MEDIUM TERM LOAN TO GURC ON EURODOLLAR MARKET. PURPOSE OF LOAN IS TO FINANCE EDEA/NDOGBESSOL SECTION OF THE TRANS-CAMEROON RAILWAY. LOAN WILL BE IN TWO TRANCHES. THE FIRST TRANCHE OF DOLLARS 38 MILLION EXTENDS 8 YEARS AND BEARS INTEREST RATE OF 2 PERCENT ABOVE LONDON INTERBANK OFFER RATE(LIBOR) FOR 3 OR 6 MONTHS US DEPOSITS. SECOND TRANCHE OF DOLLARS 12 MILLION EXTENDS 10 YEARS AND IS 2.25 PERCENT ABOVE LIBOR. IT IS RUMORED THAT CHASE MANHATTAN, WHICH PLANS TO OPEN AN AFFILIATE BANK IN DOUALA IN SEPTEMBER, AGREED TO TAKE OF THE SECOND TRANCHE.

2. IN ADDITION, REPRESENTATIVES CONTINENTAL ILLINOIS NATIONAL BANK ARE IN YAOUNDE TO MAKE FINAL ARRANGEMENTS FOR 9 MILLION EURODOLLAR LOAN OVER 7 YEARS AT 2 PERCENT ABOVE LIBOR. LOAN WILL BE USED TO MOVE NAVAL BASE FROM PATHWAY OF DOUALA PORT EXPANSION PROJECT AND RECONSTRUCT NEARBY.

3. TO OUR KNOWLEDGE AMEXBANK ET AL DEAL IS LARGEST COMMERCIAL LOAN GURC HAS EVER FLOATED. IT IS SIGNIFICANT THAT IT EXTENDS OVER
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8 AND 10 YEARS. PREVIOUSLY, MOST COMMERCIAL BANKS WERE UNWILLING TO GO BEYOND 7 YEARS IN BLACK AFRICA AND THIS REPRESENTS SOMETHING OF A BREAKTHROUGH FOR BOTH CAMEROON AND THE REST OF THE CONTINENT. IT IS WORTH NOTING THAT THIS IS FIRST SECTION OF TRANSCAM RAILWAY FOR WHICH GURC HAS SOUGHT COMMERCIAL FINANCING. PREVIOUS SECTIONS HAVE BEEN FINANCED ON CONCESSIONARY TERMS BY OFFICIAL EUROPEAN AND NORTH AMERICAN (INCLUDING USG) SOURCES. GURC CURRENTLY

PLANNING REALIGNMENT DOULA/EDEA SECTION OF RR WITH CONCESSIONARY
FINANCING, INCLUDING EEC, FRANCE, FRG, CIDA AND PROPOSED AID LOAN
OF DOLLARS 7.5 MILLION. WE ARE SEEKING FURTHER DETAILS AND BACK-
GROUNND AND WILL ADVISE BY SEPTTEL.
MITHOEFER

NOTE BY OC/T: TELEGRAM DELAYED IN TRANSMISSION.

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